

The Montana Aeronautics Division Airport Loan And Grant Program

Overview

The Montana Aeronautics Division loan and grant program can provide low interest loans and grants to eligible airports and aviation facilities throughout Montana. Any airport or facility that is publicly owned and is public-use is eligible to apply for loans and grants. Loan and grant applications can be submitted for any airport related improvement project. Loan and grant applications can be submitted for retroactive application as well, meaning if the project has already be started or completed, the airport can still apply for monies after the fact. Projects that are typical of airport improvements usually include maintenance, pavement rehabilitation and/or construction, lighting, communications and/or infrastructure, terminal or pilot lounge construction and many other items. Aeronautics Division grants are eligible to provide funding for up to ½ of the airport's share of Federal airport (NPIAS) project costs, or, 100% of the total airport's cost of non-Federal and /or outside supported project costs. Aeronautics Division loans can be used to fund up to 100% of the airport's share of any airport project.

Aeronautics Division grants are primarily funded by a 2¢/gal tax on general aviation fuel. On average, the amount that Aeronautics has to disperse each year for grants is approximately \$350,000. The amount available for loans varies as well, but is usually near \$250,000. Aeronautics Division loans are repaid over a ten year period, with a fixed principle. The interest rate for the loans is ½ of the national prime lending rate as reported by the Montana board of investments as of the first Monday in January of the calendar year.

Application Submission, Review and Approval or Rejection

The Aeronautics Division will mail a copy of the loan and grant application to every airport manager in late October. The airport must submit an application to the Aeronautics Division no later than the forth Friday in November of the preceding fiscal year. Applications may be submitted online at the Department of Transportation's web site. Applications may be completed and submitted to the Aeronautics Division by an airport consultant on behalf of an airport sponsor with their permission. After receiving all of the applications, they are sorted, packaged and mailed to the Aeronautics Board for review, usually around the middle of December. Each Board member will then have approximately 2 to 3 weeks to review the applications. During a specific public Montana Aeronautics Board loan and grant meeting, usually held in late January, the Aeronautics Board will meet and discuss loan and grant applications. It is common for applicants or their representatives to attend this meeting and sometimes answer questions concerning the applications, however, applicant participation in the meeting is not required. The Aeronautics Board will then decide which projects will be offered funding, what type, and how much. Generally, all decisions regarding loan and grant funding will be completed at this meeting. Although the Department of Transportation may provide some additional information or funding recommendations to the Aeronautics Board, ***please remember, all decisions for the funding of Aeronautics loans and grants are left solely to the discretion of the Montana Aeronautics Board.***

Federal Versus Non-Federal Projects

One of the reasons for the high demand for Aeronautics Division loans and grants is because of federally funded Airport Improvement Program (AIP) projects. The Montana FAA district is given large sums of money each year for general aviation airport projects in the state (called "state apportionment" money). This federal money can be used by eligible airports under very specific and strict guidelines for airport projects throughout the state. To be eligible, the airport must be included in the National Plan of Integrated Airports System (NPIAS). To get included in

the NPIAS, the airport must meet specific FAA criteria, including number of operations, based aircraft and other criteria. Most average and larger sized general aviation airports in Montana are included in the NPIAS (approximately 70 airports out of 120). FAA AIP money can fund up to 95% of an AIP eligible project. The airport must make up the remaining 5% match. Many airports try to use Montana Aeronautics Division loan and grant money to “leverage” the federal funds and make up the additional 5% match. Because of FAA AIP project requirements, FAA AIP projects are routinely very large and expensive projects, so local match amounts needed can be significant.

Spending The Money

If an airport has been offered and accepts an Aeronautics Division loan and/or grant, it will be asked by the Division to return some required project and legal documentation. Currently, this required paperwork includes a copy of the FAA grant acceptance (NPIAS projects only), a copy of the notice to proceed (non-NPIAS projects only), a signed loan resolution (loan only) and an attorney certification as to the legality of the application and acceptance. After all the paperwork has been completed and returned to the Division, the sponsor may receive the money no earlier than the beginning of the appropriate state fiscal year (July 1st). All loan and grant offers are good for 1 year only. If the airport does not have the required paperwork items accomplished and returned to the Division within approximately 1-year (*June 1st of the next calendar year*), they may submit a request for an extension to the Aeronautics Board no later than that June 1st in order to be eligible to carry over the funds. The extension will then be approved or denied by the Aeronautics Board at their first meeting after that date. (State fiscal years run from July 1st thru June 30th).

Aeronautics Division Pavement Preservation Grants

¼ of every cent of aviation fuel taxes contributed by scheduled passenger air carriers is put into an account devoted entirely to grants for Montana's air carrier airports. Any airport with primary commercial (FAR part 121) air carrier service in Montana will be offered a pavement preservation grant automatically. Offers are automatic and will be representative of the entire amount available each year, divided evenly among all eligible airports. The Aeronautics Division pavement preservation grants are to be used for projects associated with pavement preservation utilized by air carriers, such as, crack sealing, fog sealing, painting/stripping, coal tar sealer, etc. Typically, the pavement preservation fund has approximately \$80,000 in total funds to give away in grants each year.